

Message Text

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ORIGIN EA-09

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-----081702Z 073493 /43
R 081538Z MAR 77
FM SECSTATE WASHDC
TO AMEMBASSY BANGKOK

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E.O. 11652: N/A

TAGS: MARR, MASS, PFOR, EGEN, TH

SUBJECT: MUNITIONS PRODUCTION IN THAILAND

REFS: (A) STATE 40436 (B) BANGKOK 4351

1. REGRET ANY CONFUSION CAUSED BY REFTTEL A. BACKGROUND
AND FACTS AS WE SEE THEM FROM HERE ARE AS FOLLOWS:

- US MUNITIONS CONSORTIUM (USMC), IN JANUARY, 1976,
REQUESTED AN ADVISORY OPINION (NOT AN EXPORT LICENSE) ON
ESTABLISHING AN AMMUNITION LOADING AND PACKING PLANT IN
THAILAND. WE RESPONDED FAVORABLY TO THE REQUEST. WE
HAVE HAD NO FURTHER FORMAL CONTACT WITH USMC (OTHER THAN
PHONE CONVERSATIONS WITH A MR. BARRY) AND IT DOES NOT
APPEAR TO BE DIRECTLY INVOLVED IN THE LICENSES UNDER CON-
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SIDERATION DESCRIBED BELOW. HOWEVER, USMC DID INFORM US
LAST NOVEMBER THAT ITS SUBSIDIARY IN BANGKOK WOULD HANDLE
FOLLOW-ON TRANSACTIONS. FYI: USMC IS NOT REGISTERED
WITH THE DEPARTMENT'S OFFICE OF MUNITIONS CONTROL (WHICH
WOULD BE REQUIRED IF AN EXPORT LICENSE, AS OPPOSED TO AN
ADVISORY OPINION, HAD BEEN SOUGHT) AND WE ARE, THEREFORE,
NOT IN A POSITION TO COMMENT ON ITS BONA FIDES. END FYI.

- IN NOVEMBER 1976, BERMITE DIVISION OF WHITTAKER CORP. REQUESTED APPROVAL OF AN EXPORT LICENSE INVOLVING EQUIPMENT AND COMPONENTS TO ESTABLISH A 20MM AMMUNITION PLANT. THE FOREIGN CONSIGNEE LISTED ON THE APPLICATION IS US MUNITIONS (THAILAND) LTD., (NO "CONSORTIUM" MENTIONED) 302 SILOM ROAD, BANGKOK 5. THIS LICENSE APPLICATION IS CURRENTLY UNDER REVIEW.

- IN DECEMBER 1976, BERMITE REQUESTED APPROVAL OF A MANUFACTURING LICENSE AGREEMENT FOR ESTABLISHMENT OF A 20MM AMMUNITION LOADING AND ASSEMBLY PLANT IN THAILAND. UNDER THIS AGREEMENT BERMITE WOULD BE A SUBCONTRACTOR OF US MUNITIONS CONSORTIUM (THAILAND) LTD. THIS APPLICATION IS ALSO CURRENTLY UNDER REVIEW.

- ATTACHED TO THE BERMITE LICENSING AGREEMENT APPLICATION IS A "LETTER OF INTENT" SIGNED BY ACM KAMOL (POUCHED TO EMBASSY ON FEBRUARY 25). THIS SO-CALLED LETTER OF INTENT IS IN FACT AN AGREEMENT BETWEEN THE RTG AND US MUNITIONS CONSORTIUM (THAILAND) LTD. AND STIPULATES THAT USG APPROVAL IS REQUIRED PRIOR TO ITS BECOMING EFFECTIVE.

2. WHILE WE DO NOT BELIEVE EITHER THE EXPORT LICENSE OR THE MANUFACTURING AGREEMENT WILL CAUSE PROBLEMS IN THE POLICY REVIEW AND CONGRESSIONAL APPROVAL PROCESS, WE ARE RELUCTANT TO APPROVE THE KAMOL AGREEMENT WHICH WOULD IN EFFECT GUARANTEE THE PERFORMANCE OF US MUNITIONS CONSORTIUM (THAILAND) LTD. WE HAVE NO INFORMATION ON LIMITED OFFICIAL USE

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THIS COMPANY AND GATHER THAT EMBASSY HAS NONE EITHER, AS INDICATED IN REFTEL B.

3. BEFORE PROCEEDING FURTHER WITH POLICY LEVEL REVIEW AND CONGRESSIONAL NOTIFICATION, WE, THEREFORE, WANT TO BE ASSURED THAT THE RTG WISHES TO PROCEED WITH THIS TRANSACTION, WITH THE UNDERSTANDING THAT THE USG IS NOT IN A POSITION TO APPROVE (OR DISAPPROVE) THE PARTICIPATION BY US MUNITIONS CONSORTIUM (THAILAND) LTD., AS THE RTG SEEMS TO EXPECT PER LAST SENTENCE IN PARA 1 ABOVE. WE BELIEVE THE RTG MUST MAKE ITS OWN JUDGMENT ON THE CAPABILITIES OF US MUNITIONS CONSORTIUM (THAILAND) LTD. WE HAVE NO REASON TO QUESTION THE BONA FIDES OF THE BERMITE DIVISION OF WHITTAKER CORP.

4. OPTIONS FOR RTG WOULD APPEAR TO BE:

----PROCEEDING WITH ARRANGEMENT WITH US MUNITIONS CONSORTIUM (THAILAND) LTD. IN FULL KNOWLEDGE THAT USG GUARANTEE IS NOT

POSSIBLE;

----PROCEEDING WITH US MUNITIONS CONSORTIUM, INC.,
THOUGH WE CAN GIVE NO ABSOLUTE GUARANTEE OF THIS (OR ANY
OTHER) MUNITIONS LICENSE AND THIS OPTION WOULD PROBABLY
INVOLVE ANOTHER DELAY TO ALLOW USMC TO REGISTER WITH THE
OFFICE OF MUNITIONS CONTROL;

----PROCEEDING WITH BERMITE DIRECTLY, REALIZING AGAIN
THAT WE CANNOT FULLY GUARANTEE PERFORMANCE.

5. WE HOPE THIS PROVIDES THE CLARIFICATION EMBASSY SEEKS,
SO THAT RTG DESIRES IN THIS MATTER CAN BE ASCERTAINED.
VANCE

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Message Attributes

Automatic Decaptioning: X
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Copy: SINGLE
Sent Date: 08-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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